



*Clariant Fall 2008 Roadshow*  
*Credit Suisse Swiss Equities Conference*  
*New York, September 23, 2008*

Patrick Jany, CFO



Exactly your chemistry.

# *Agenda*



---

First half highlights

---

Financial results second quarter

---

Business review & trends

---

Strategy update

---

Outlook

---

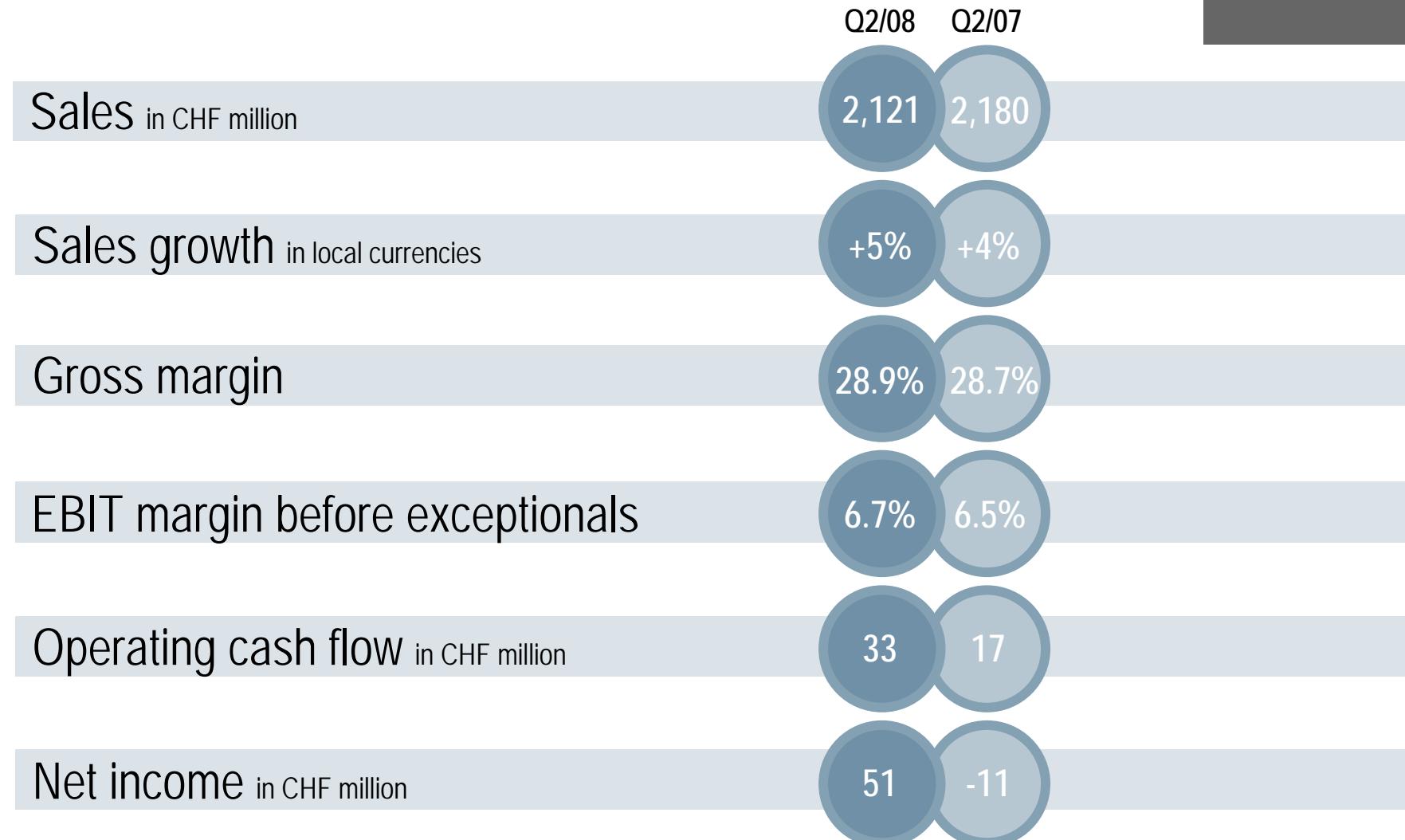
# *First half 2008 – highlights*



- Price increases of 5% fully compensate for an 11% increase in raw material costs
- Implementation of strategic action plans in the divisions delivering results
- Acquisition of Rite Systems/Ricon Colors strengthens Masterbatches
- Closure of TLP site in Horsforth, UK, announced
- Reduction of 750 jobs, bringing total to about 1,800 of 2,200 planned
- Full-year outlook unchanged

**Committed to achieving our targets**

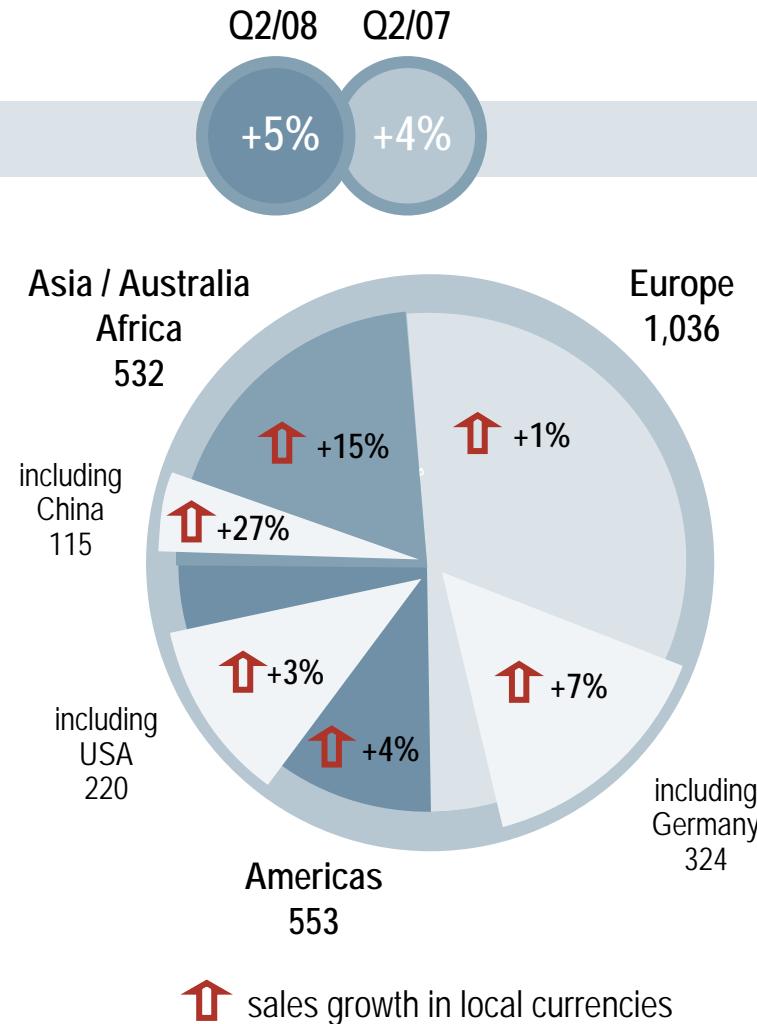
# *Second quarter 2008 financials*



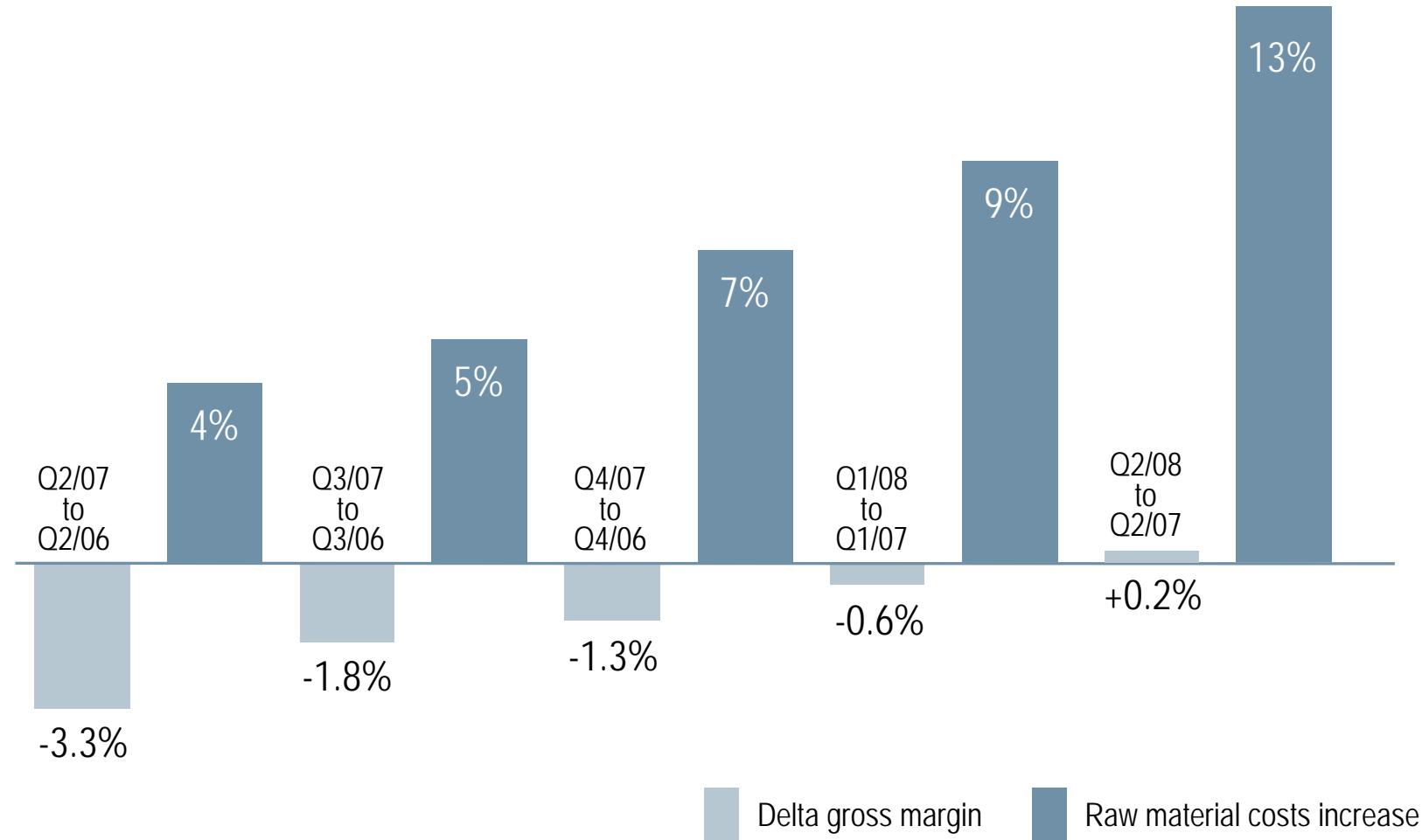
# Strong sales growth in Asia

## Sales growth in local currencies

- Sales CHF 2.121 billion, +5% in local currencies
- Prices up 6%, volume down 1%
- Currency impact equivalent to 8% of sales mainly from weak USD



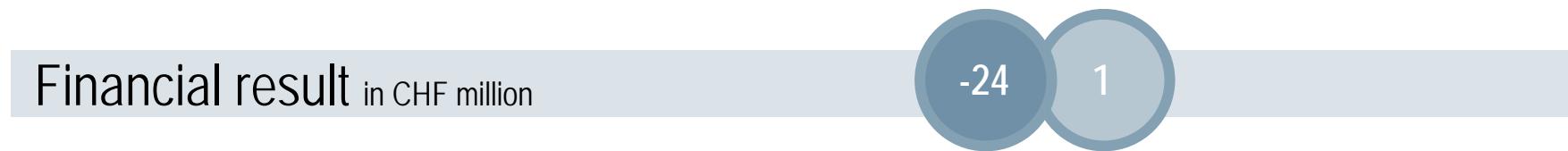
# *Gross margin improving*



# *Cash flow and financial result*

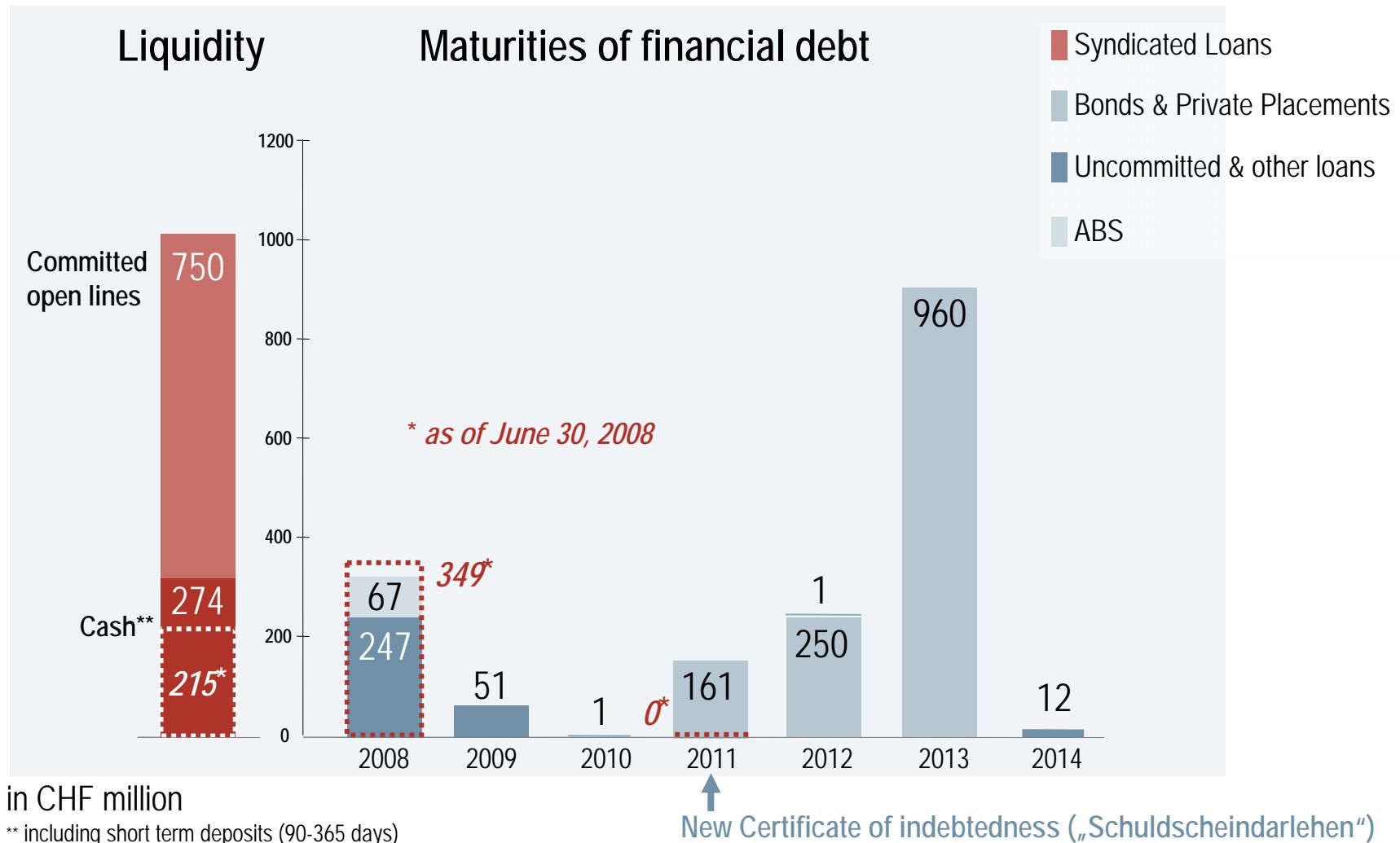


- Cash flow impacted by inventories build-up, driven by tight supply markets



- Financial result influenced by FX losses of CHF 4 million vs. gain of CHF 25 million in Q2/07
- Net debt increases to CHF 1,476 million from CHF 1,357 million by the end of Q1/08 due to higher working capital financing needs
- July 17: Certificate of Indebtedness ("Schuldscheindarlehen") launched:  
Euro 100 million, refinancing short-term borrowings with a tenor of 3.25 years on favorable terms despite difficult credit market conditions: spread of 125 bps over mid-swap (fixed rate tranche) / Euribor (floating rate tranche)

# Debt maturity profile on July 17, 2008 (pro forma)





# *Business Review & Trends*



Exactly your chemistry.

# *Textile, Leather & Paper Chemicals*



		Second quarter 2008				
		2008		2007		Change
		CHF million	% of sales	CHF million	% of sales	% CHF
Sales		554		618		-10%
EBITDA before exceptionals		55	9.9%	67	10.8%	-18%
Operating income before exceptionals		39	7.0%	49	7.9%	-21%
Operating income		34	6.1%	41	6.6%	-17%
						-4%



## Business trends:

- Difficult market conditions in all three segments
- Gross margin improved on sales price increases and restructuring measures
- Key textile markets India and Turkey started to recover
- Tight raw material supply situation in Paper business
- Closure of TLP site Horsforth/Leeds, UK, under negotiation

# Pigments & Additives



		Second quarter 2008				
		2008		2007		Change
		CHF million	% of sales	CHF million	% of sales	% CHF
Sales		541		538		1%
EBITDA before exceptionals		74	13.7%	59	11.0%	25%
Operating income before exceptionals		55	10.2%	39	7.2%	41%
Operating income		42	7.8%	38	7.1%	11%
						24%



## Business trends:

- Good sales growth in a challenging environment
- Gross margin improved due to rapid implementation of restructuring measures
- Good qualitative growth in Coatings and in Specialties
- Plastics business recovered in mature markets
- Base Products business unit contributing positively to operating result

# Functional Chemicals



		Second quarter 2008				
		2008		2007		Change
		CHF million	% of sales	CHF million	% of sales	% CHF
Sales		685		661		4%
EBITDA before exceptionals		66	9.6%	56	8.5%	18%
Operating income before exceptionals		48	7.0%	39	5.9%	23%
Operating income		46	6.7%	37	5.6%	24%
						37%



## Business trends:

- Double-digit sales growth in local currencies
- Improved volumes and sales prices offset escalating raw material costs
- Turnaround in Detergents & Intermediates confirmed
- Construction benefiting from infrastructure projects in emerging markets
- Chemical Management Solutions business HQ opened in Houston, Texas

# Masterbatches



		Second quarter 2008				
		2008		2007		Change
		CHF million	% of sales	CHF million	% of sales	% CHF
Sales		341		363		-6%
EBITDA before exceptionals		38	11.1%	43	11.8%	-12%
Operating income before exceptionals		29	8.5%	35	9.6%	-17%
Operating income		29	8.5%	32	8.8%	-9%
						-3%



## Business trends:

- Sales in local currencies up in mature markets despite an economic slowdown
- Reasonable trading conditions in packaging and consumer goods, weak demand in textile and automotive
- Selective price increases offset higher raw material costs
- Currency developments a burden for European customers
- Acquisition of Rite Systems / Ricon Colors in the US to strengthen and leverage liquid masterbatches business

# *Rite Systems/Ricon Colors – competence in liquid colors*

- Rite Systems/Ricon Colors – no. 2 US suppliers of liquid color masterbatches with annual sales of USD 50 million
- Liquid colors are masterbatches dispersed in a liquid carrier
- Market size liquid colors approx. 3% of the USD 10 billion masterbatches market
- Clariant can now offer liquid and solid masterbatches to both domestic and international markets
- Leverage new competence into other regions where Clariant enjoys strong market positions



WEST CHICAGO, III.



MOORESVILLE, N.C.



CHINO, California



VIENNA, Austria

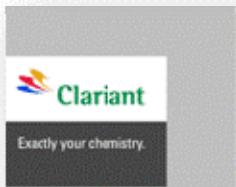


# *Strategy Update*



Exactly your chemistry.

# *Our view of Clariant in 2006*



## *Our view of Clariant today*

### ExecutiveSummary

Strategy

Financials

Conclusion

### Strategy

- Portfolio: businesses in mid-range of specialty chemicals industry
- Front-end focus must drive, not sufficiently strong today
- We will not buy or sell our way out of challenges

### Execution

#### ■ The top priority

- We have made progress in the last 3 years – but we have to get to a different performance level
- Results are what counts – not completed actions
- Not a matter of structure and models...

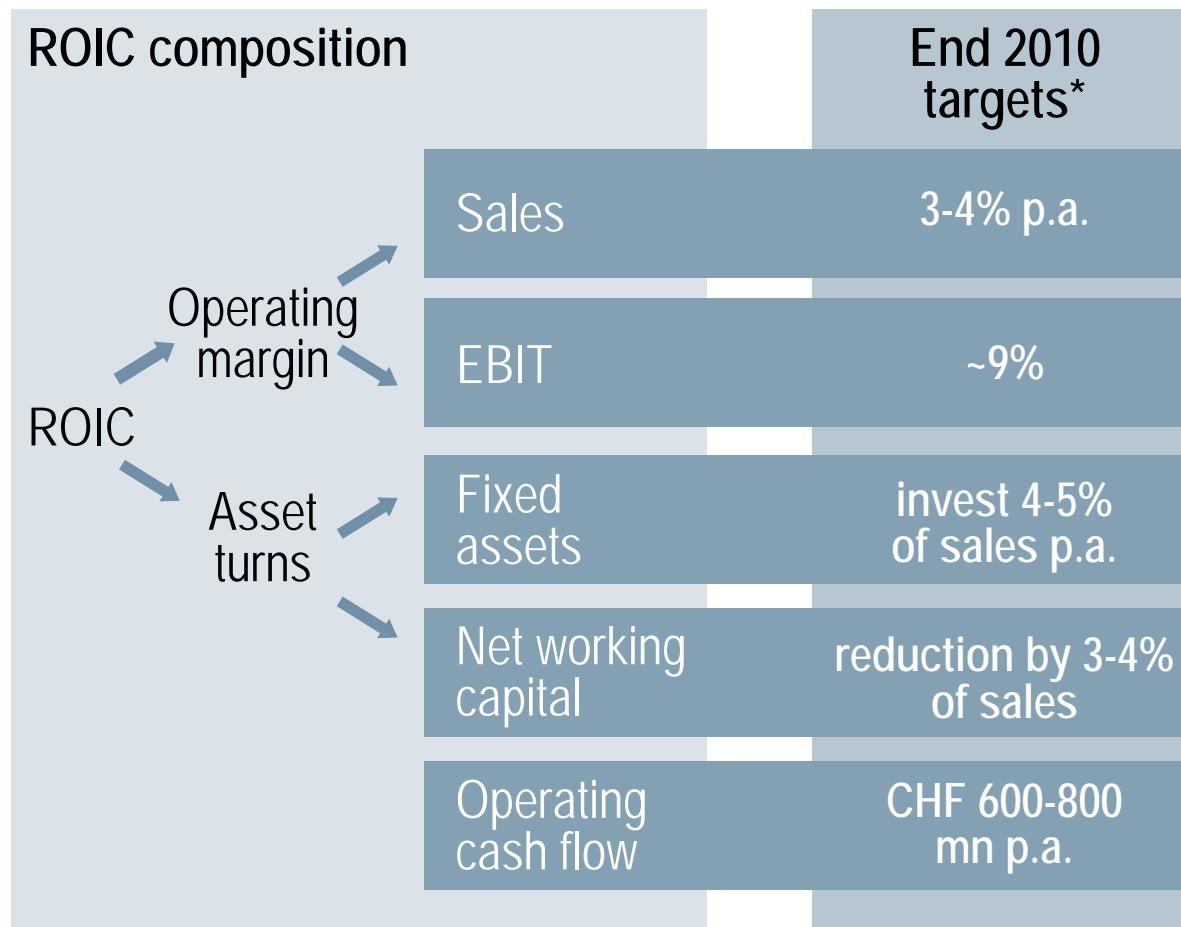
### People

- ...but culture and behavior – it starts with us!
- Important steps taken recently



Clariant's long-term potential is very promising

# *Key target – achieving above peer average ROIC by end of 2010*



ROIC calculated on after-tax basis

\*Based on 2006 environment

# *How to get there – strategy defined in 2006*



Exactly your chemistry.

## Operational Excellence

- Increase prices to offset raw materials impact
- Manage gross margin (PRIMA, Value Based Selling)
- Reduction in SG&A by approx. 2%, 2200 employees
- Product pruning -25%
- Closure of sites (10% of 130)
- Reduction of net working capital

## Business Structure

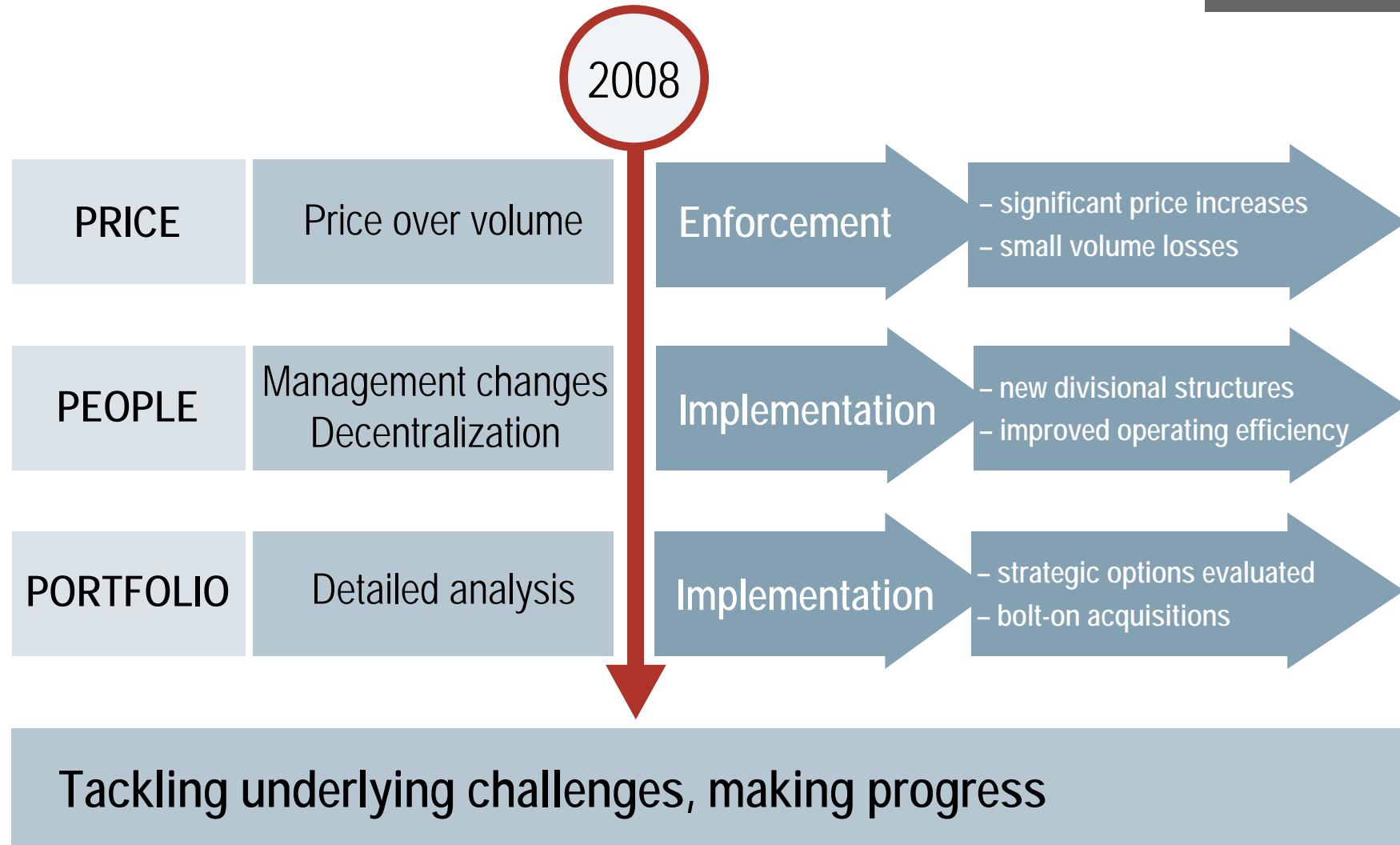
- Product-driven businesses:  
focus on increased efficiency and cost structure
- Service-driven businesses:  
apply active sales and marketing strategies and product leadership

## Portfolio Reshaping

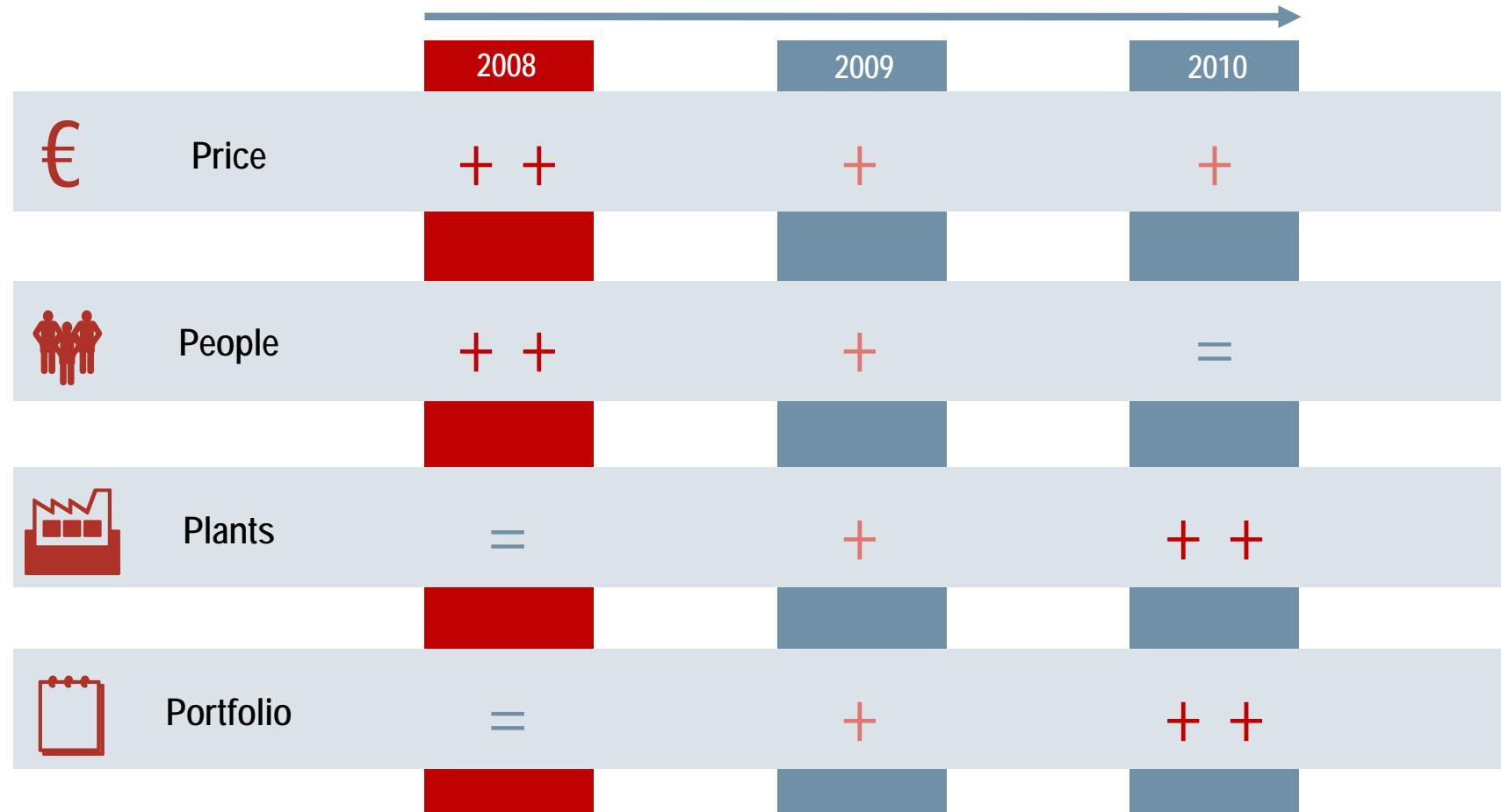
- Divestment of unattractively positioned businesses
- Active consolidation strategy in value creating business areas

## Deliver above average ROIC by 2010

# *Implementing change – action plan for 2008*



# Implementing change – creating sustainable profitability



Expected impact on profitability in each year: + + major + minor = unchanged



*Outlook*

 **Clariant**

Exactly your chemistry.

# *Outlook for 2008*



## Environment

- *Further* increasingly uncertain economic outlook
- *Continuing* increases in raw material and energy costs

## Clariant

- Improving operating margin before exceptional items compared to 2007
- Continuing strong cash flow generation
- Period of active portfolio reshaping



# *Backup Slides*

 Clariant

Exactly your chemistry.

# *Customer structure – serving a broad range of end users*



## Textile, Leather & Paper Chemicals

- Textile industry
- Leather industry
- Paper industry

## Pigments & Additives

- Coating Business: manufacturer of automotive, industrial and powder coatings, and decorative paints
- Plastic industry
- Printing industries
- Specializes industries, incl. flame retardants, cosmetics, leather and stationery

## Masterbatches

- Resin producers
- Manufacturers of compounds using polymers and additives, such as flame retardants and light stabilizers;
- Manufacturers of products from synthetic materials
- Manufacturers of industrial goods, e.g. carpets; textiles and upholstery; industrial, food and beverage packaging; personal care; automotive; business machines

## Functional Chemicals

- Oil and gas industry, mining industry
- Detergents and intermediates
- Industrial & consumer care: aviation, crop protection, construction, personal care

# First half 2008 – Key financial group figures



First half 2008				
	2008		2007	
	CHF million	% of sales	CHF million	% of sales
<b>Sales</b>	<b>4,233</b>	<b>100%</b>	<b>4,336</b>	<b>100%</b>
<i>Local currency growth (LC)</i>	4%			
- <i>Organic growth rate*</i>	4%			
- <i>Acquisitions/Divestitures</i>	0%			
<i>Currencies</i>	-6%			
<b>Gross profit</b>	<b>1,259</b>	<b>29.7%</b>	<b>1,297</b>	<b>29.9%</b>
<b>EBITDA before exceptionals</b>	<b>437</b>	<b>10.3%</b>	<b>430</b>	<b>9.9%</b>
<b>EBITDA</b>	<b>391</b>	<b>9.2%</b>	<b>406</b>	<b>9.4%</b>
<b>Operating income before exceptionals</b>	<b>310</b>	<b>7.3%</b>	<b>294</b>	<b>6.8%</b>
<b>Operating income</b>	<b>258</b>	<b>6.1%</b>	<b>266</b>	<b>6.1%</b>
<b>Net income from continuing operations</b>	<b>92</b>	<b>2.2%</b>	<b>174</b>	<b>4.0%</b>
<b>Operating cash flow (total operations)**</b>	<b>27</b>		<b>54</b>	
<b>Discontinued operations</b>				
Sales	0		81	
Net loss from discontinued operations	0		-101	

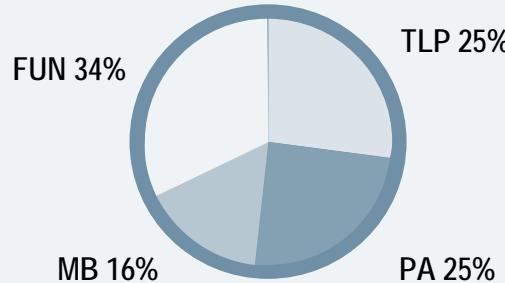
\* organic growth: volume and price effects excluding the impact of changes in foreign currency exchange rates and acquisitions/divestitures

\*\* the presentation of the cash flow statement was changed to provide additional relevant information. Comparative information was reclassified accordingly.

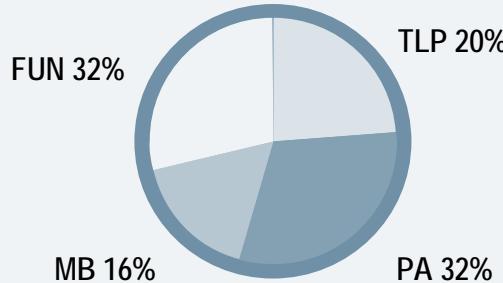
# *Sales and EBITDA margins by divisions – first half 2008*

First half 2008				
	Sales		EBITDA Margin in %*	
	CHF million	% LC	2008	2007
Textile, Leather & Paper Chemicals	1,070	-3%	9.2	9.9
Pigments & Additives	1,068	+7%	14.6	13.0
Masterbatches	682	+1%	11.3	11.6
Functional Chemicals	1,413	+10%	10.7	9.7
<b>Total Group</b>	<b>4,233</b>	<b>+4%</b>	<b>10.3</b>	<b>9.9</b>

**Sales**



**EBITDA\***



\* before exceptional items

# Cash flow first half 2008



	First half 2008	
	2008	2007*
	CHF million	CHF million
Net income	92	73
Depreciation, amortization & impairment	133	147
Other	66	118
<b>Operating cash flow before working capital</b>	<b>291</b>	<b>338</b>
Changes in working capital and provisions	-264	-284
<b>Operating cash flow</b>	<b>27</b>	<b>54</b>
Capital expenditure	18	-255
<i>Property, Plant &amp; Equipment</i>	-107	-132
<i>Changes in current financial assets</i>	125	-123
Acquisitions, disposals and other	-32	2
<b>Cash flow before financing</b>	<b>13</b>	<b>-199</b>

\* the presentation of the cash flow statement was changed to provide additional relevant information. Comparative information was reclassified accordingly.

# *Financial result first half 2008*



	First half 2008	
	2008	2007
	CHF million	CHF million
Interest income	8	11
Interest expenses	-40	-54
Other financial income & expenses	-6	-6
<b>Net interest result</b>	<b>-38</b>	<b>-49</b>
Currency result, net	-48	30
<b>Total financial result</b>	<b>-86</b>	<b>-19</b>

# *Textile, Leather & Paper Chemicals – first half results*



	First half 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	1,070		1,198		-11%	-3%
EBITDA before exceptionals	98	9.2%	119	9.9%	-18%	-12%
Operating income before exceptionals	66	6.2%	83	6.9%	-20%	-14%
Operating income	51	4.7%	74	6.2%	-31%	-25%



## Business trends:

- Difficult market conditions in all three segments
- Gross margin improved on sales price increases and restructuring measures
- Key textile markets India and Turkey started to recover
- Tight raw material supply situation in Paper business
- Closure of TLP site Horsforth/Leeds, UK, under negotiation

# Pigments & Additives – first half results



	First half 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	1,068		1,061		1%	7%
EBITDA before exceptionals	156	14.6%	138	13.0%	13%	19%
Operating income before exceptionals	118	11.0%	98	9.2%	20%	27%
Operating income	101	9.5%	97	9.1%	4%	10%



## Business trends:

- Good sales growth in a challenging environment
- Gross margin improved due to rapid implementation of restructuring measures
- Good qualitative growth in Coatings and in Specialties
- Plastics business recovered in mature markets
- Base Products business unit contributing positively to operating result

# Functional Chemicals – first half results



	First half 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	1,413		1,355		4%	10%
EBITDA before exceptionals	152	10.7%	132	9.7%	15%	22%
Operating income before exceptionals	118	8.4%	98	7.2%	20%	27%
Operating income	111	7.9%	99	7.3%	12%	19%



## Business trends:

- Double-digit sales growth in local currencies
- Improved volumes and sales prices offset escalating raw material costs
- Turnaround in Detergents & Intermediates confirmed
- Construction benefiting from infrastructure projects in emerging markets
- Chemical Management Solutions business HQ opened in Houston, Texas

# Masterbatches – first half results



	First half 2008					
	2008		2007		Change	
	CHF million	% of sales	CHF million	% of sales	% CHF	% LC
Sales	682		722		-6%	1%
EBITDA before exceptionals	77	11.3%	84	11.6%	-8%	-2%
Operating income before exceptionals	61	9.0%	67	9.3%	-9%	-3%
Operating income	59	8.7%	49	6.8%	21%	28%



## Business trends:

- Sales in local currencies up in mature markets despite an economic slowdown
- Reasonable trading conditions in packaging and consumer goods, weak demand in textile and automotive
- Selective price increases offset higher raw material costs
- Currency developments a burden for European customers
- Acquisition of Rite Systems / Ricon Colors in the US to strengthen and leverage liquid masterbatches business

# Second quarter 2008 – Key financial group figures



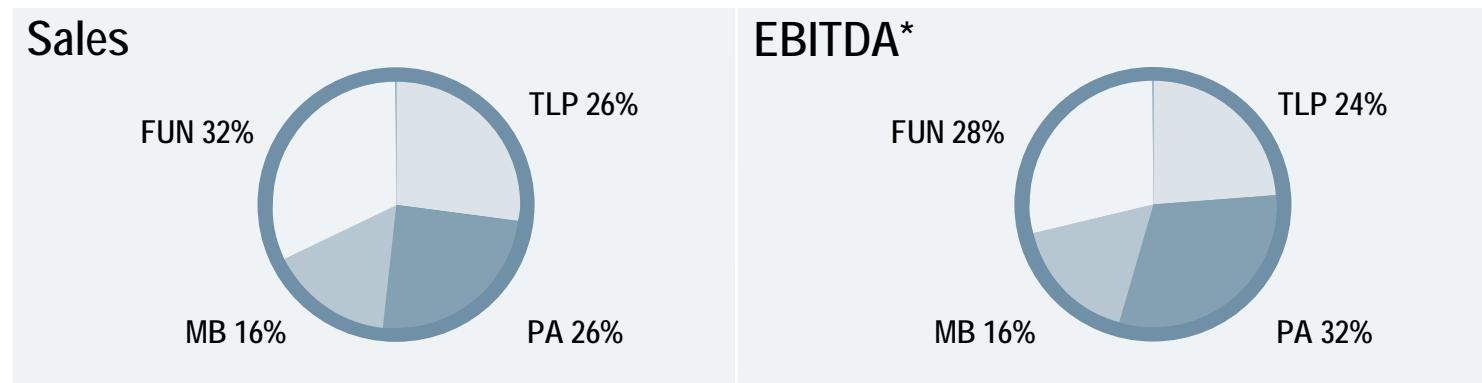
Second quarter 2008				
	2008		2007	
	CHF million	% of sales	CHF million	% of sales
<b>Sales</b>	<b>2,121</b>	<b>100%</b>	<b>2,180</b>	<b>100%</b>
<i>Local currency growth (LC)</i>	5%			
- <i>Organic growth rate*</i>	5%			
- <i>Acquisitions/Divestitures</i>	0%			
<i>Currencies</i>	-8%			
<b>Gross profit</b>	<b>614</b>	<b>28.9%</b>	<b>626</b>	<b>28.7%</b>
<b>EBITDA before exceptionals</b>	<b>207</b>	<b>9.8%</b>	<b>211</b>	<b>9.7%</b>
<b>EBITDA</b>	<b>184</b>	<b>8.7%</b>	<b>196</b>	<b>9.0%</b>
<b>Operating income before exceptionals</b>	<b>143</b>	<b>6.7%</b>	<b>142</b>	<b>6.5%</b>
<b>Operating income</b>	<b>118</b>	<b>5.6%</b>	<b>127</b>	<b>5.8%</b>
<b>Net income from continuing operations</b>	<b>51</b>	<b>2.4%</b>	<b>88</b>	<b>4.0%</b>
<b>Operating cash flow (total operations)**</b>	<b>33</b>		<b>17</b>	
<b>Discontinued operations</b>				
Sales	0		35	
Net loss from discontinued operations	0		-99	

\* organic growth: volume and price effects excluding the impact of changes in foreign currency exchange rates and acquisitions/divestitures

\*\* the presentation of the cash flow statement was changed to provide additional relevant information. Comparative information was reclassified accordingly.

# *Sales and EBITDA margins by divisions – Second quarter 2008*

Second quarter 2008				
	Sales		EBITDA Margin in %*	
	CHF million	% LC	2008	2007
Textile, Leather & Paper Chemicals	554	-1%	9.9	10.8
Pigments & Additives	541	+8%	13.7	11.0
Masterbatches	341	+1%	11.1	11.8
Functional Chemicals	685	+11%	9.6	8.5
<b>Total Group</b>	<b>2,121</b>	<b>+5%</b>	<b>9.8</b>	<b>9.7</b>



\* before exceptional items

# Cash flow second quarter 2008



Second quarter 2008		
	2008	2007*
	CHF million	CHF million
Net income	51	-11
Depreciation, amortization & impairment	66	72
Other	-18	86
<b>Operating cash flow before working capital</b>	<b>99</b>	<b>147</b>
Changes in working capital and provisions	-66	-130
<b>Operating cash flow</b>	<b>33</b>	<b>17</b>
Capital expenditure	-54	-259
<i>Property, Plant &amp; Equipment</i>	-60	-75
<i>Changes in current financial assets</i>	6	-184
Acquisitions, disposals and other	-21	-8
<b>Cash flow before financing</b>	<b>-42</b>	<b>-250</b>

\* the presentation of the cash flow statement was changed to provide additional relevant information. Comparative information was reclassified accordingly

# *Financial result second quarter 2008*

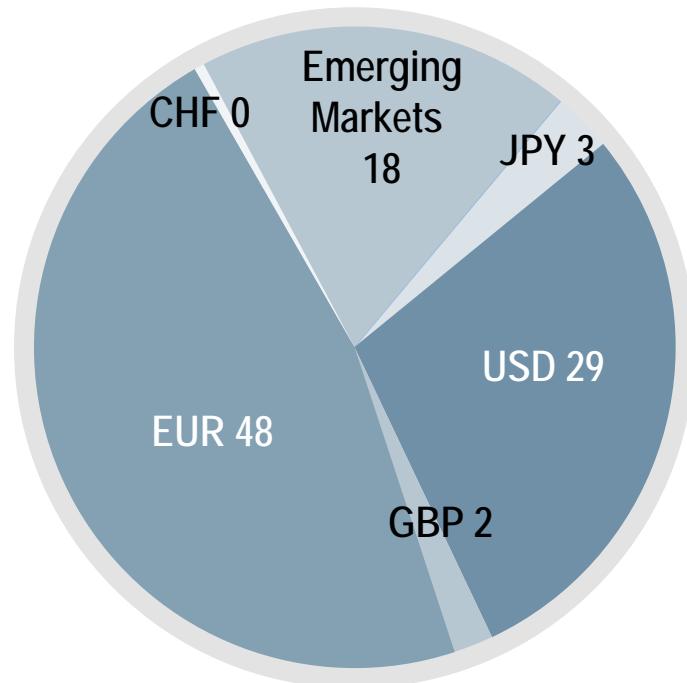


	Second quarter 2008	
	2008	2007
	CHF million	CHF million
Interest income	2	6
Interest expenses	-19	-29
Other financial income & expenses	-3	-1
<b>Net interest result</b>	<b>-20</b>	<b>-24</b>
Currency result, net	-4	25
<b>Total financial result</b>	<b>-24</b>	<b>1</b>

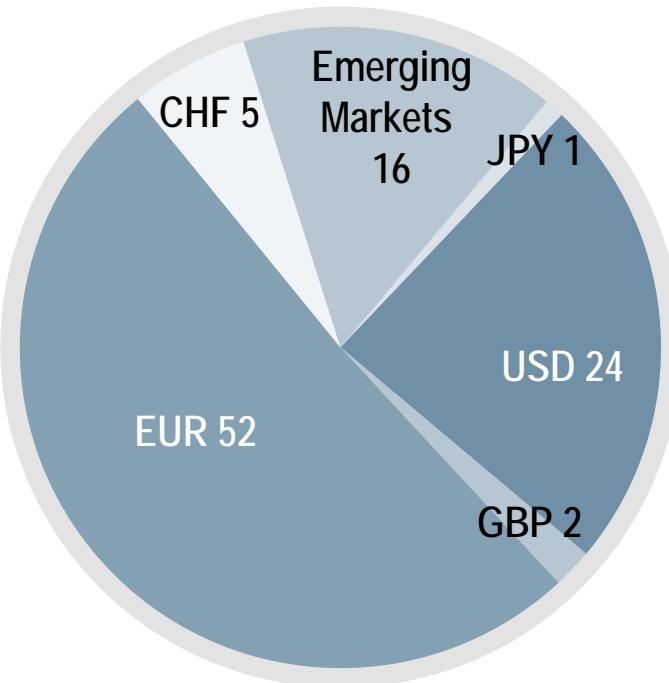
# *Sales and cost structure*



Global sales distribution in %



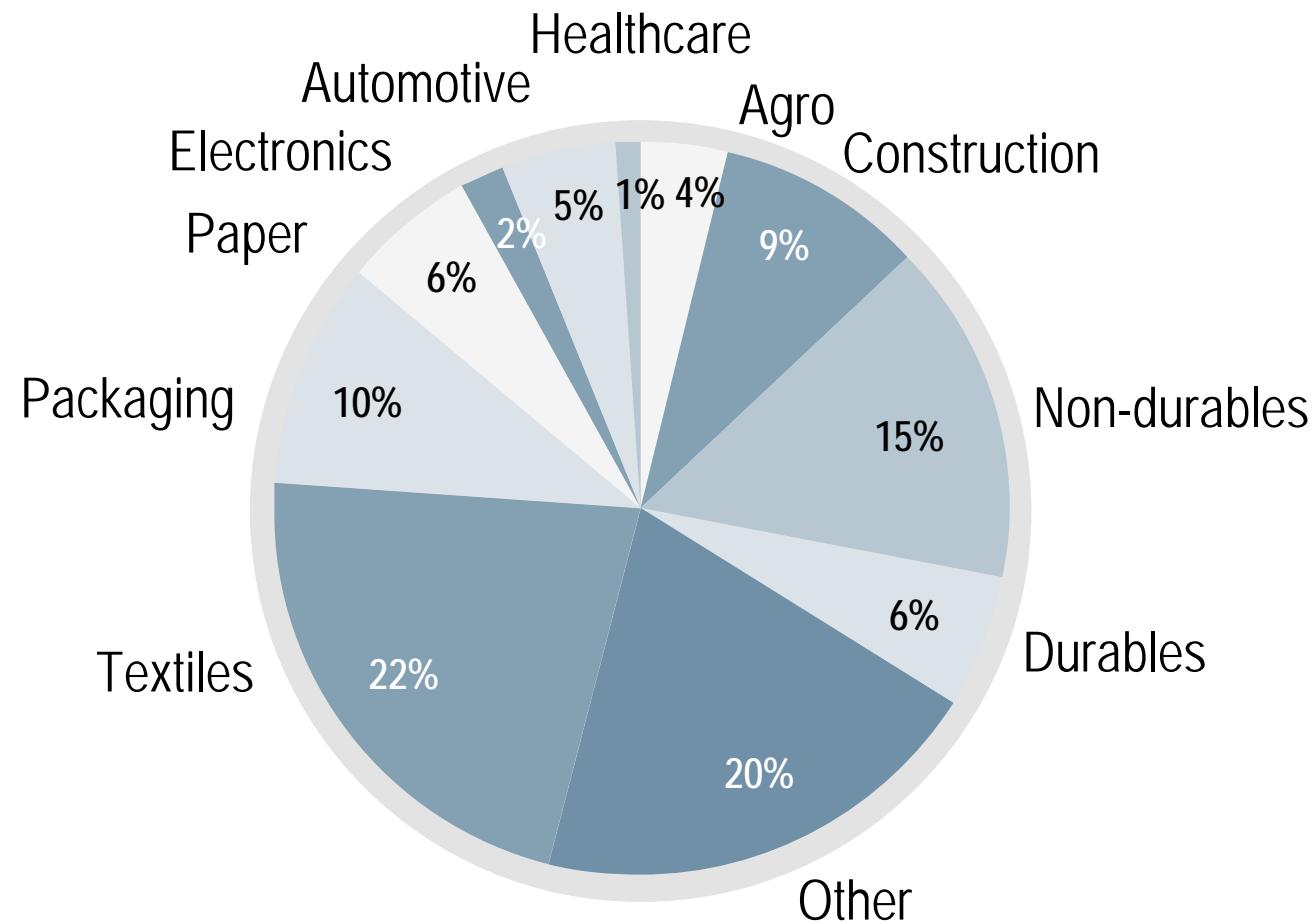
Global cost distribution in %



*per June 30, 2008*

These distributions represent an approximation to total cash in- and outflows and are closely linked to transaction exposures

# *Divisional sales Full-Year 2007 in end-user markets*



Continuing operations

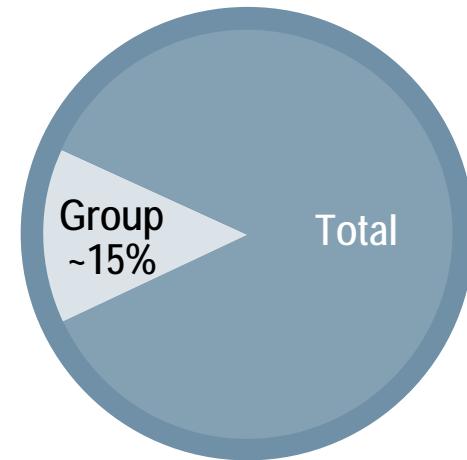
Credit Suisse Swiss Equities Conference, September 23, 2008

Slide 38

# *Top 5 products in percentage of total raw material costs*



Ranking	Product
1	Ethylene & -Oxide
2	Polyethylene
3	Vinyl acetate
4	Acetic Acid
5	Acrylates



# *Businesses and market segments*



## Textile, Leather & Paper Chemicals

- Textile
- Leather
- Paper

## Pigments & Additives

- Business Unit Coatings
- Business Unit Plastics
- Business Unit Specialties
- Business Unit Base Products

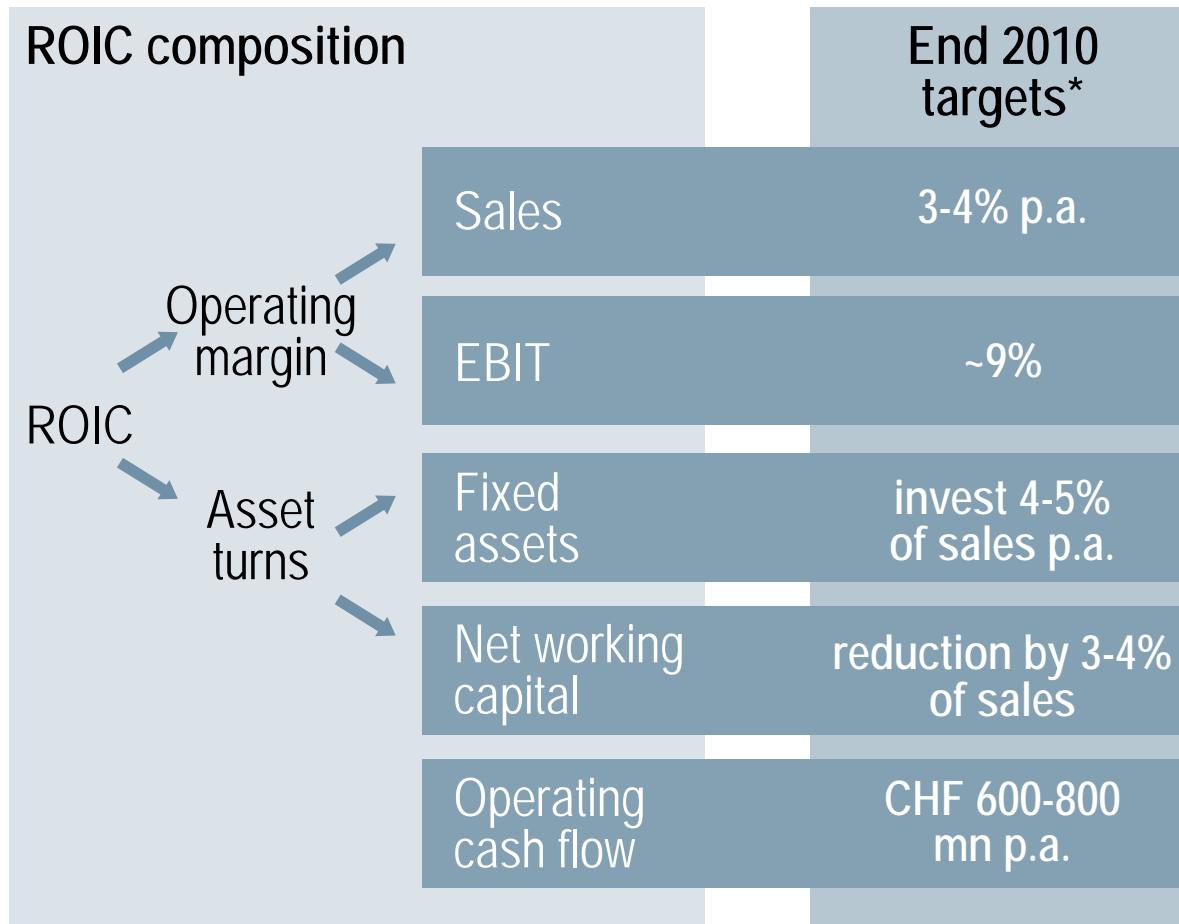
## Masterbatches

- Packaging
- Consumer Goods
- Textiles
- Automotive
- Major Resin Producers

## Functional Chemicals

- Chemical Management Solutions
- Industrial & Consumer Care
- Regional Business Units e.g. Detergents & Intermediates

# *Key targets: to achieve above peer average ROIC by end of 2010*



ROIC calculated on after-tax basis

\*Based on 2006 environment

# *Calendar of upcoming corporate events*



---

November 4, 2008

Nine Months 2008 Results

---

February 17, 2009

Full-Year 2008 Results

---

April 2, 2009

Annual General Meeting, Basel

---

May 6, 2009

First Quarter 2009 Results

---

July 30, 2009

Half Year 2009 Results

---

November 4, 2009

Nine Months 2009 Results

# IR contacts



## Dr. Ulrich Steiner Head of Investor Relations

Phone +41 (0) 61 469 67 45  
Mobile +41 (0) 79 297 27 07  
email [ulrich.steiner@clariant.com](mailto:ulrich.steiner@clariant.com)

## Jaideep Pandya Investor Relations Officer

Phone +41 (0) 61 469 67 49  
Mobile +41 (0) 79 702 97 41  
email [jaideep.pandya@clariant.com](mailto:jaideep.pandya@clariant.com)

## Edith Kahlmeier

Phone +41 (0) 61 469 67 48  
Fax +41 (0) 61 469 67 67  
email [edith.kahlmeier@clariant.com](mailto:edith.kahlmeier@clariant.com)

## Mirjam Grieder

Phone +41 (0) 61 469 67 66  
Fax +41 (0) 61 469 67 67  
email [mirjam.grieder@clariant.com](mailto:mirjam.grieder@clariant.com)



Clariant International Ltd ■ Rothausstrasse 61 ■ 4132 Muttenz ■ Switzerland ■ [investor-relations@clariant.com](mailto:investor-relations@clariant.com)

# *Disclaimer*



This presentation contains certain statements that are neither reported financial results nor other historical information. This presentation also includes forward-looking statements.

Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors that are beyond Clariant's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the actions of governmental regulators and other risk factors such as: the timing and strength of new product offerings; pricing strategies of competitors; the Company's ability to continue to receive adequate products from its vendors on acceptable terms, or at all, and to continue to obtain sufficient financing to meet its liquidity needs; and changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including currency fluctuations, inflation and consumer confidence, on a global, regional or national basis.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. Clariant does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these materials.